APRIL 26, 1982 TWO DOLLARS AND FIFTY CENTS

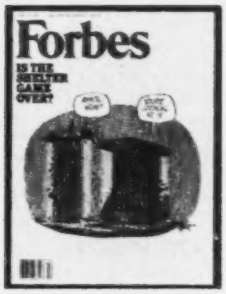
C3950-1 4/15/82

Forbes

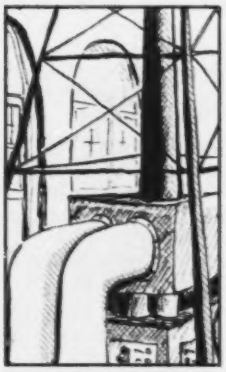
IS THE SHELTER GAME OVER?

T2514030 SAMPLE ZZBF
JOSEPH MCNALLY
SRI ACQUISITIONS
[illegible] EAST WEST HWY
74820 08317

April 26, 1982
Volume 129,
Number 9



***107** Cover Story: Tax shelters—no boom this year.*



***39** Oil rig loans: Why are the work-out specialists setting up shop in Houston?*

***55** Church's: "Return on investment is something of a religion here."*

39 Banking:
"Everyone Says It's Like REITs"
Oil producers aren't the only ones worrying about falling oil prices these days. Lots of bankers have their fingers crossed, too.

40 Real Estate:
Hard Times Come To Beverly Hills
A monumental bust may be shaping up in the superexpensive condominium market of "Park Avenue West."

42 As I See It:
Royal Little
A pioneer's vision of the future: troubled but not necessarily gloomy.

43 Companies:
Midland-Ross
"It's possible that after the board reads your article, I'll retire next month," Harry Bolwell told us. It's a quip, of course—but a nervous one.

45 Insider Trading:
Selling On Inside Information
Are some big-business biggies doing it? The SEC would like to know.

46 Government:
The Blip
A funny thing happened on the way to that $100 billion deficit.

50 As I See It:
James F. Dunnigan
Some good news about U.S. preparedness, from a prominent military historian.

55 Companies:
Church's Fried Chicken
Success recipe: Be picky about expansion.

60 Racketeering:
New York's Fulton Fish Market
Tracking the real power in what the government calls "the most extreme example of an industry dominated by organized crime."

70 The Numbers Game:
Missing Footnotes
What the fine print *doesn't* tell you.

72 Taxing Matters:
Damned If You Do . . .
Faced with recession and federal funding cutbacks, nonprofit organizations are trying to take up the slack with for-profit schemes. The IRS is not sure it approves.

96 Inflation:
The Price We Paid
Take a look at what 46 items of necessity and luxury cost 15 years ago and see if you're really ahead of the game—no matter how much your income has increased.

103 Companies:
WD-40 Co.
It's a wonder and a marvel. So why should John Barry change a thing?

107 Cover Story:
How Come All Those Avocados?
As long as there are taxes, there will be tax shelters. But the tax-shelter business isn't booming these days, and the shakeout may be a very healthy thing.

114 Companies:
Falcon Group
C.C. Wei, the Chinese-born, Houston-based shipowner, has a habit of making money where others see only problems. He may be about to do it again.

135 Companies:
Chicago Dock & Canal Trust
Last moves in a 50-year chess game.

136 Companies:
Engelhard Corp.
How's it doing without Phibro? So far, remarkably well.

141 The Up-And-Comers:
Celebrity Inc.
Alan Unger had "a lot of envy projected on me" when he took over his late father's cosmetic accessories company at the tender age of 28. But he's not doing badly at all since, as he puts it, he stopped rebelling against his father's success.

145 The Up-And-Comers:
McCormick Oil & Gas Co.
Sandy McCormick is neither a geologist nor a petroleum engineer. He's got a "degree" worth more than either.

148 Companies:
Price Club
A club? Not really. Sol Price's brainchild lures upscale customers with downscale merchandising.

60 *The Fulton Fish Market: A few extras that add up to $3 million a year.*

103 *WD-40: "They spent half a million dollars and laid an egg. They don't know why."*

135 *Chicago Dock: Whatever the Tribune wants, the Tribune may get.*

172 *The Streetwalker: A star is reborn.*

Faces Behind The Figures

150 Norman Brinker,
Pillsbury Co.
150 Elaine Young,
Alvarez, Hyland & Young
150 Gokul Agarwalla,
Theodore Barry & Associates
152 Robert Lando,
Athlete's Foot Marketing Associates
153 John Paolo,
Miles Laboratories, Inc.
154 Dennis Hess,
Merrill Lynch Hubbard
154 John Lazarus,
American Broadcasting Cos.
156 Horace Kornegay,
Tobacco Institute

158 Personal Affairs:
Visiting Atlanta
The eastern anchor of the Sunbelt is a bustling metropolis that has managed to retain more than a little of its old-fashioned civility and charm. Here's where to stay, where to dine, what to see.

170 The Streetwalker:
Diamond Shamrock, CSX, Disney
Bill Bricker won't admit he's looking to be acquired, but he has clearly been polishing up Diamond Shamrock since 1976. Some people are never satisfied—like many of the shareholders of the tiny Carolina, Clinchfield & Ohio Railway. And, will Uncle Walt's last vision once again make Disney beloved of investors across the land?

174 The Funds:
The T Bill Umbrella
For savvy money fund managers, it's just the thing for those April showers.

178 Statistical Spotlight:
What The Analysts See Ahead
The Administration may still be talking about a midsummer economic recovery, but the security analysts tell a different story. Here are the experts' updated 1982 earnings estimates—most of them downward revisions—for 231 companies across the spectrum of U.S. industry.

Money And Investments

33
What's Ahead For Business
34
The Forbes Index
167
The Forbes/Wilshire 5000 Review

Columnists
187
Ben Weberman
188
Richard B. Hoey
189
Ashby Bladen
190
Thomas P. Murphy
192
John Train
194
Srully Blotnick
196
Stanley W. Angrist

Departments

6
Side Lines
10
Trends
16
Follow-Through
20
Readers Say
25
Fact and Comment
28
Other Comments
198
Editorial Index
199
Flashbacks
200
Thoughts

Photos:
6, 156 bottom, Bill Kelly; 10, Lozouet/The Image Bank; 16, 55, 58, John Grossman; 26, UPI; 41, 150 top, 152, Sheldon Moskowitz/Liaison; 42, 50, Joyce Ravid; 44, 148, Theo Westenberger/Liaison; 45, Eric Poggenpohl; 60, 61, Enrico Ferorelli; 64, Wide World; 67, Stock Boston; 103, 148, Jim McHugh; 108, FPG; 109, Christopher Springman; 110, David Moore/B.S.; 116, Michael Abramson; 135, Richard Marin/Liaison; 141, 154 bottom, Jan Staller; 145, Fred DeVan; 150 bottom, Gary Bishop/Liaison; 153, Ted Vaughan; 154 top, Lawrence Barns; 156 top, Leroy Woodson Jr.; 158, 160, 162, Judith Gefter; 159, Bill Grimes/Black Star

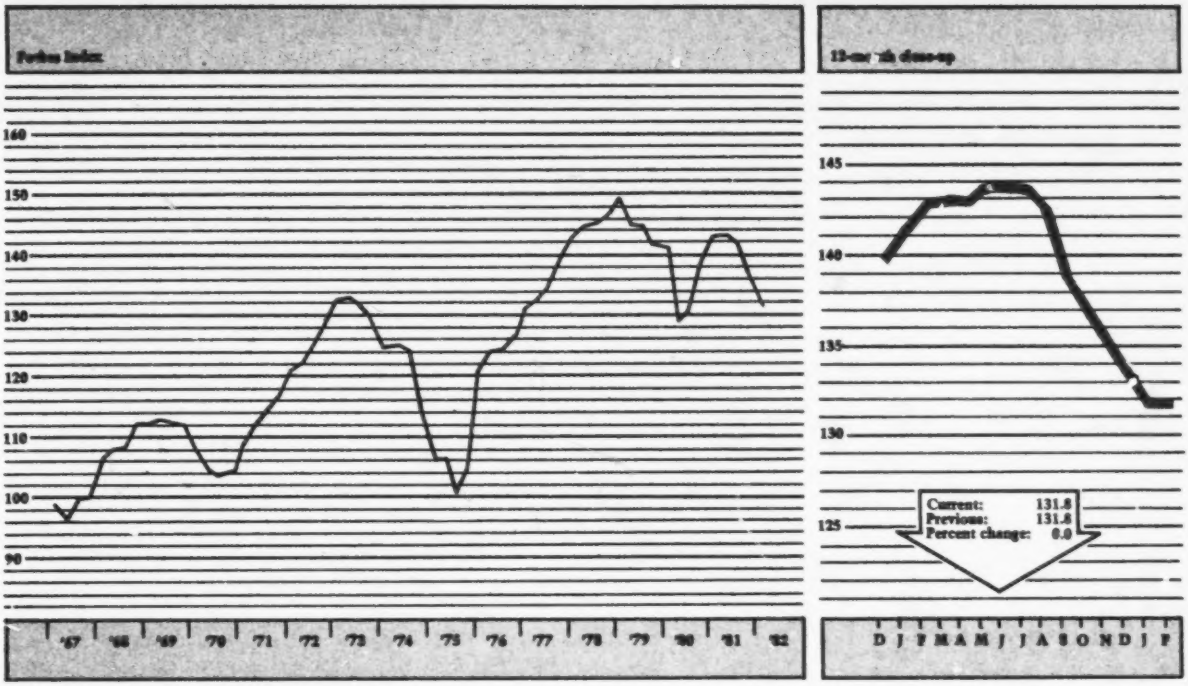
Illustrations:
39, Tim Newcomb; 52, 54 © Janes Publishing; 70, 72, 170, 172, Chas. B. Slackman; 107-110, Johnny Hart

Cover Illustration:
Johnny Hart

Forbes (ISSN 00156914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $33 a year. U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

Copyright © 1982 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

The Forbes Index



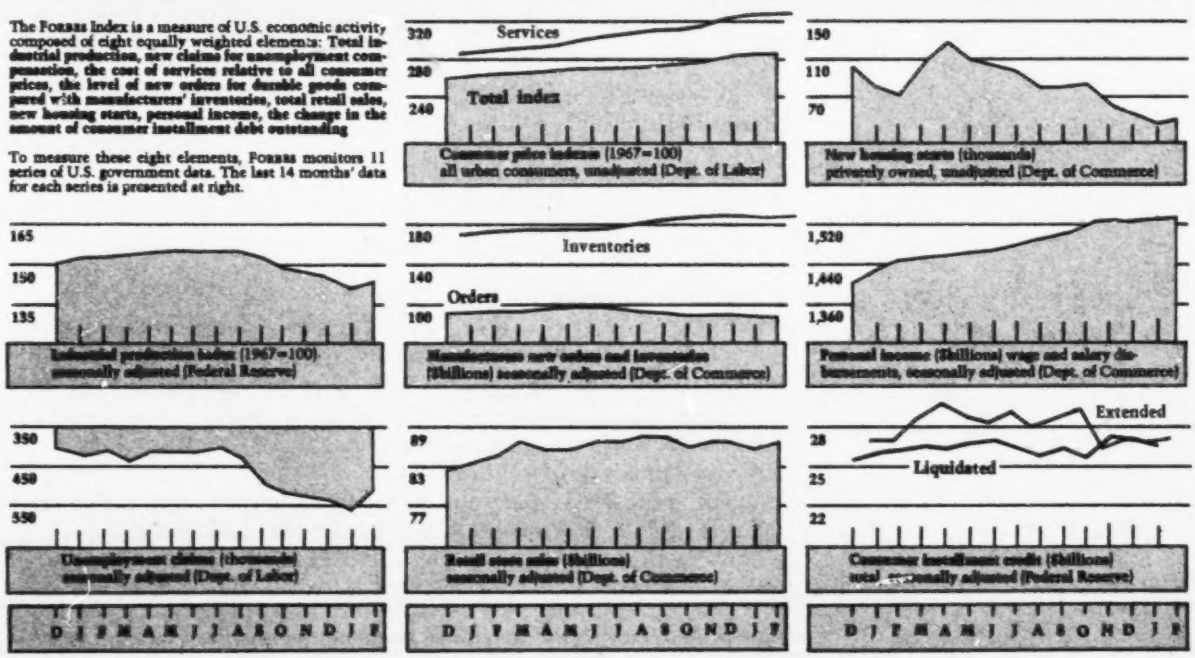
Flat city. For the first time in six months, the Forbes Index did not decline. Manufacturers' new orders rose 1.7%, while inventories fell by only 0.1%. Unemployment claims also declined in February; the 8.1% dip represents the first such good news on unemployment claims since a similar drop in October 1980.

Has the recession hit a bottom? It's too soon to tell. But low inflation is a reality—for now. The Consumer Price Index for February posted a 0.3% rise, putting the annual rate of increase at a mere 3.6%. Further drops in the Forbes Index are still possible, and good news should continue to come in during the current reporting period.

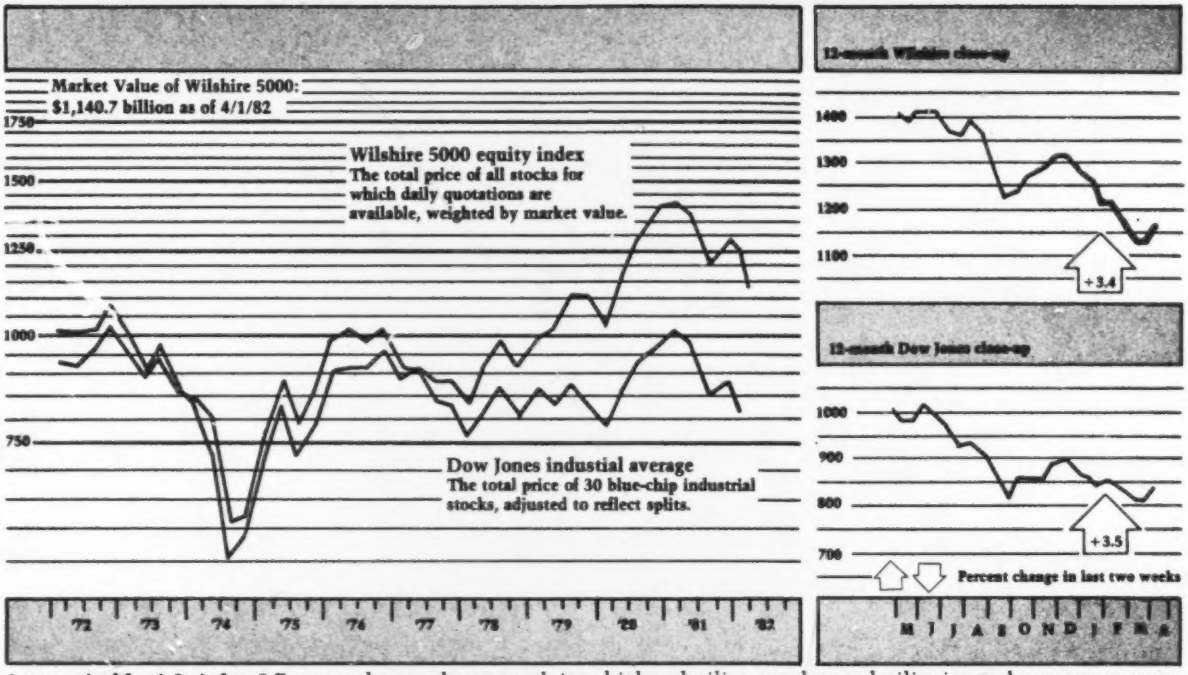
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



The Forbes/Wilshire 5000 Review



A repeat of last October? Four weeks ago the strength in the market came largely from a technical rebound of depressed energy stocks. Since then Wall Street has advanced across a broad front. Leadership has also passed from the oils to consumer and technology stocks. Over the last two weeks the Wilshire index moved up 3.4%, roughly matching the Dow, the NYSE index and the S&P's 500, while there was a 4.7% gain for the Amex and a 4.2% NASDAQ. All groups joined in.

For the first time this year the bullish action has moved beyond defensive investments. As our yardsticks indicate, over the last four weeks buyers favored high-growth stocks over low-growth stocks by more than 2 to 1. They chose high-volatility over low-volatility issues by an even greater margin. That hasn't happened since October of 1981.

Still unanswered, though, is the big question: Is this merely a rally in a bear market—like the one that occurred in October? Last fall, for example, many of the same indicators looked nearly as good as they do now. Since then the market has lost over $100 billion in capital, and the Wilshire has hit a 22-month low.

At the moment, then, the burden of proof is on the bulls. With interest rates still at near-record levels and many businesses in the doldrums, a continuing rally would have to make headway against a lot of bad news. It could happen, but the odds are against it.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.9	3.2	3.1	3.0	8.6
in last 52 weeks	–17.6	–17.8	–16.7	–28.6	–16.1

Stock performance based on five key investor yardsticks

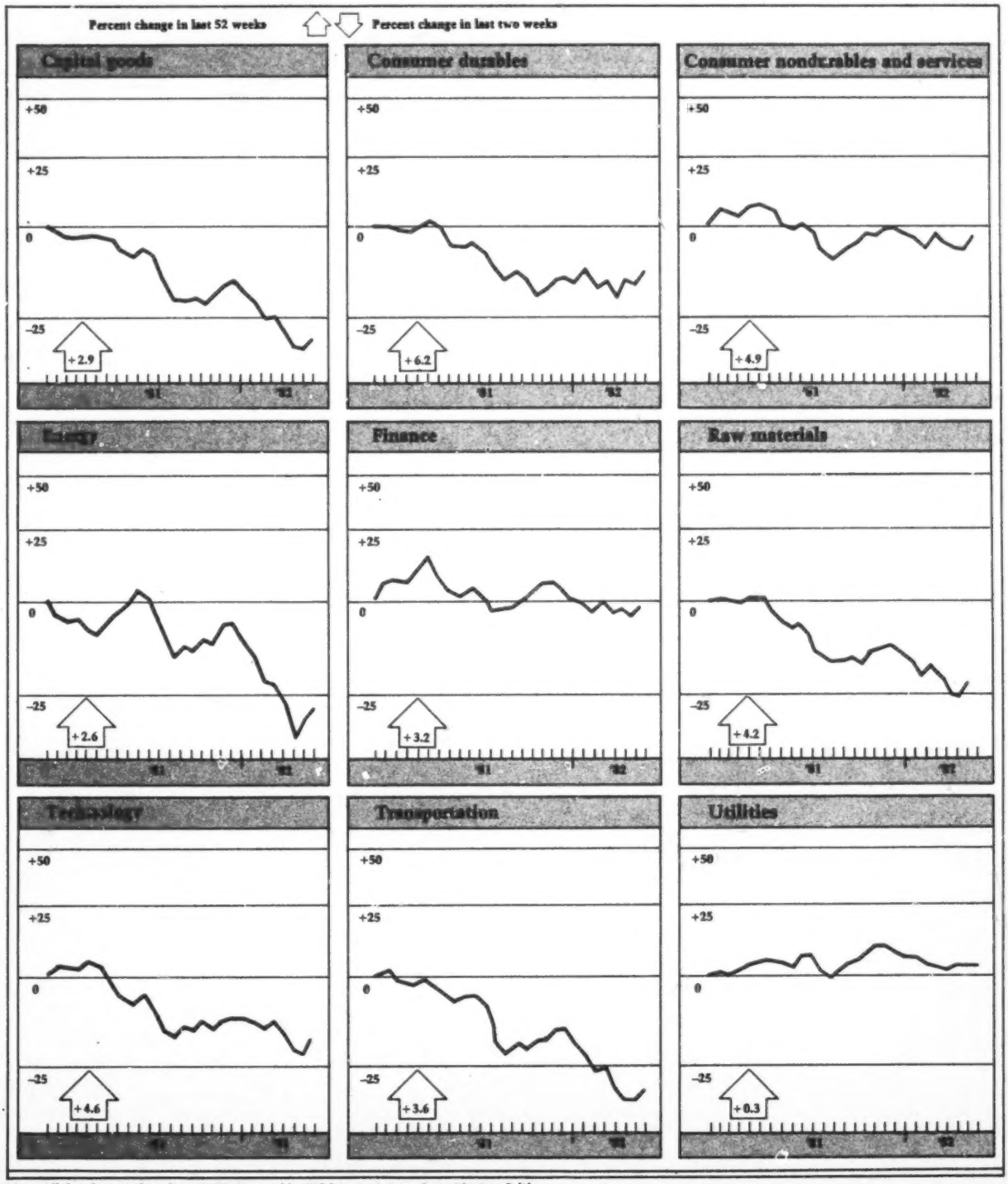
Percent change	Volatility*		P/E multiple		Dividend yield		Growth profile†		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $5
in last 4 weeks	4.8	0.8	5.6	5.5	1.0	4.7	5.8	2.4	2.6	2.9
in last 52 weeks	–14.8	4.7	–25.3	–4.4	2.4	–7.3	–12.9	–2.6	–15.8	–6.5

*A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.
†A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Spring tonic? For the first time since August of last year, all nine sectors of the market are in the black for the most recent two-week period. Consumer durables and consumer nondurables lead the way with 6.2% and 4.9% advances. Technology and transportation issues also had a strong showing. In recent months, utility stocks have been bear market stars, but the current flirtation with glamour and leverage didn't help these companies. As a group, they were up only 0.3%.

Energy stocks kept up the movement they began four weeks ago. Keep an eye on this sector. The present recovery could be merely the result of bottom-fishing by sharp-eyed bargain hunters. If, on the other hand, oil stocks continue to recover lost ground, this could touch off similar moves in other groups.



Note: All data for periods ending 4/1/82. Prepared by Wilshire Associates, Santa Monica, Calif.

A rush of caution has made government money funds a very hot item indeed.

T bills in the rain

By Richard Phalon

THE PROS WHO RUN the nation's 182 money market funds didn't get to handle $191 billion worth of assets on their investment skills alone. They are shrewd merchandisers, too, and at the moment make for a prime study in an old retailing truism: The time to sell umbrellas is when it's raining.

You can feel the drops falling already. Once-prime commercial paper is being downgraded as if it were so much confetti. Tottering thrift institutions are being merged out of existence, commercial bank loan delinquencies have gone through the roof, and many economists are prophesying a liquidity crisis.

None of that adds up to a particularly salubrious sales climate for money funds, whose high yields come in part from a heavy assortment of commercial paper and bank certificates of deposit. Are fund managers playing turkey-lurkey, waiting for the sky to fall? Heck, no. They're making hay with the fastest-selling umbrella around—money funds that invest only in government paper.

The new funds are setting a blistering pace in an industry where exponential growth has become commonplace. Two years ago there were 8 of them. By last July there were some 20, and now there are over 40. During that time, government fund assets have climbed from about 5% to nearly 15% of taxable fund assets.

It's clear that the funds are a marketing idea whose time has come. From zero base last fall, Lehman Government Fund has snowballed to close to $120 million. Sears, Roebuck—the prime retailer of them all—put that much cash on the books just over a month after its government fund set up shop late last February. Other major merchandisers—T. Rowe Price, for one—are in the process of launching government funds. What's going on here?

Concern about the economy is part of the ferment. Ed Taber, president of the T. Rowe Price Prime Reserve Fund, talks in terms of a "flight to quality." A new wave of investors, he says, has begun to demand of the money funds "absolute safety on a par with the federally insured deposits" they can get from the banks.

Part of that concern springs from the makeup of investors who have helped money funds to become one of the great financial success stories. They tend to be older, wiser heads—the median age is 54—with long memories for the lumps the economy has taken in the past. "They remember things like the wreck of the Penn Central and what happened to the

In government we trust

Though few doubt the stability of money market funds, an increasingly risk-averse public is putting more and more money into the safest of all investments: the government. For the 12 large funds listed below, asset growth for those in government paper has been twice as good as for the regular funds.

Short-term US government funds	Average yield	Assets 3/31/82 (million)	Assets 3/31/81 (million)	% increase
Capital Preservation	12.99%	$ 1,805.3	$949.7	90%
Dreyfus Government Series	12.87	804.2	162.2	396
Merrill Lynch Government	13.57	1,282.4	234.3	447
NRTA-AARP US Government	12.87	4,010.2	968.0	314
Trust for Short-term US Government Securities	13.35	5,593.2	3,523.5	59
Trust for US Treasury Obligation	13.01	1,933.1	1,041.8	86
Totals	**13.11%**	**$15,428.4**	**$6,879.5**	**124.3 %**

Regular money market funds	Average yield	Assets 3/31/82 (million)	Assets 3/31/81 (million)	% increase
Daily Cash Accumulation	13.96%	$ 5,592.8	$ 3,526.2	59%
Dreyfus Liquid Assets	13.60	9,702.0	5,039.0	93
Federated Master Trust	13.94	3,935.9	3,315.3	19
InterCapital Liquid Asset	13.76	9,633.6	6,061.3	59
Paine Webber CASHFUND	13.91	6,217.8	3,644.6	71
Shearson Daily Dividend	14.04	5,365.5	3,475.0	54
Totals	**13.87%**	**$40,447.6**	**$25,061.4**	**61.4%**

commercial paper market in 1970," says a Lehman vice president.

Investors, it seems, reason like this: In a serious credit crunch, shares in a government fund will be a lot easier to liquidate than pieces of paper backed by ordinary commercial loans.

Caution has its price, of course, but only a small price right now. On average, the government funds are yielding around 13%, compared with about 13.5% for all taxable money funds. That represents quite a change in psychology. Up to now, the funds have by and large sold on the basis of yield. It's clear that many investors smell trouble. "Never doubt the intelligence of millions of small investors," says T. Rowe Price's Ed Taber. "In aggregate, they're damn smart."

Even investors who aren't switching to government-paper-backed money funds are becoming increasingly picky about the quality of the paper in money fund portfolios. Result: what might be called the battle of the ratings. The principal antagonists are William Donoghue, an energetic, ambitious C.P.A. from Holliston, Mass. who caught the trend to the money funds early on, and the Institute for Econometric Research, the Ft. Lauderdale, Fla. advisory firm that until recently concentrated almost entirely on the stock market.

Donoghue and his weekly *Money Fund Report*, which goes for $395 a year, had at least a public relations lock on the industry until last summer, when Econometric launched its monthly *Money Fund Safety Ratings*. Econometric President Norman Fosback says his service, which at full price goes for $100 a year, has already picked up about 7,500 subscribers. The potential looks so good that the two oldest raters on The Street—Moody's and Standard & Poor's—are studying the possibility of putting up money fund services of their own.

Donoghue and Econometric have been taking publicity potshots at one another. Some money market fund executives don't like the idea of ratings at all, while others, opportunistically enough, see the game as a good way to generate sales.

For investors, however, the services can be helpful—particularly if they can be studied for free at a library or a broker's office. The ratings game in part is a play on a flight to quality that has made ordinarily unexciting governments one of the hottest things around. ■

Robertshaw's distributed digital system provides cost-effective controls for Lithium Corporation's new batch process.

As the world's largest producer and marketer of lithium chemicals, Lithium Corporation of America added a new facility to process anhydrous sodium sulfate by the millions of pounds for industrial markets. LCA engineers compared major control systems and selected Robertshaw's versatile DCS-1000 digital distributed control as the most effective.

Prime advantages of Robertshaw's system: modular "stand-alone" controllers that can work automatically or be manually operated; economies of matching controls to the tasks; simplicity of training operators. DCS-1000 systems have been tailored for process industries from fibers to petrochemicals. For the full story, write to Robertshaw Controls Company, Dept. IIF, P.O. Box 26544, Richmond, VA 23261. Or call 804/282-5684. Exports: call Robertshaw International Sales Company, 804/285-4161.

Robertshaw CONTROLS COMPANY
The Energy Control Company®

THE 1982 WORLD'S FAIR

Peak Money Market yields

Our money market fund offers:
- ☐ Prompt liquidity by telephone
- ☐ Free checkwriting over $500
- ☐ No early withdrawal interest penalty
- ☐ Free exchange with other Price stock and bond funds
- ☐ No sales charge

Call toll free 1-800-638-5660.
In Maryland 1-800-492-1976.
In Baltimore 547-2308.

For more complete information including management fee and other charges and expenses, obtain a prospectus. Read it carefully before you invest or send money.

T. Rowe Price Prime Reserve Fund, Inc.

A No-Load Fund. T. Rowe Price Marketing, Inc. Dept. A6, 100 E. Pratt St., Baltimore, MD 21202

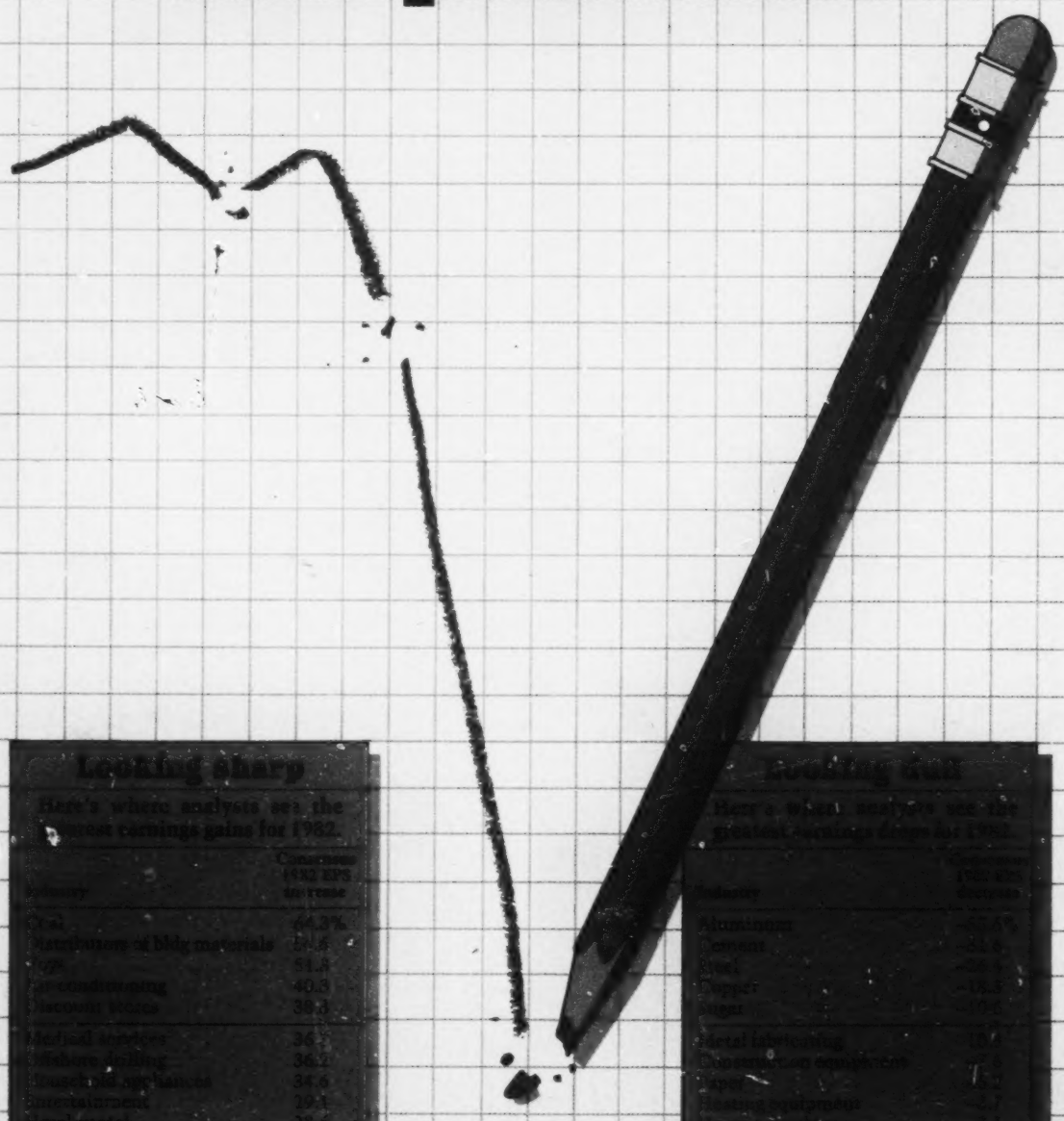
Name_____

Address_____

City_____ State_____ Zip_____

Wall Street analysts are regularly revising their earnings estimates, and here are the latest figures. Look closely and you'll find some real surprises.

Tough times to make predictions



Looking sharp

Here's where analysts see the greatest earnings gains for 1982.

Industry	Consensus 1982 EPS increase
Coal	64.2%
Nonmetallic mineral products	59.6
Oil	51.8
Air conditioning	40.3
Outboard motors	38.8
Medical services	36.7
Offshore drilling	36.2
Household appliances	34.6
Entertainment	29.1
Investment	28.6

Looking dull

Here's where analysts see the greatest earnings drops for 1982.

Industry	Consensus 1982 EPS decrease
Aluminum	65.4%
Cement	52.6
Steel	48.4
Copper	19.3
Meat	10.0
Metal fabricating	10.0
Construction equipment	5.3
Paper	5.3
Heating equipment	3.7
Home furnishings	3.1

Statistical Spotlight

By Steve Kichen and Paul Bornstein

THE ADMINISTRATION may still be talking about a midsummer economic recovery, but updated earnings forecasts coming from security analysts tell another story. These estimates, of course, are about as changeable as the score in a close basketball game. Even so, the current trend is not encouraging. "The numbers are coming down much faster now," says Leonard Zacks, president of Zacks Investment Research.

His Chicago-based firm collects earnings estimates from Wall Street analysts and prepares consensus figures of their projections. Zacks started to notice a month-to-month drop-off in average estimates around January 1980. But in recent weeks the magnitude of estimate cuts has increased substantially. "We've gone from about 0.2% to close to a 2% month-to-month average decrease," he explains.

There are a number of situations that have been pulling the averages down. For example, six months ago Kaiser Aluminum & Chemical was expected to earn $4.72 in 1982. This estimate is now down to 76 cents. Within the same period, percentage declines in estimates for companies as diverse as H.F. Ahmanson, Asarco and UAL are almost as dramatic.

Predicting the future, of course, is not an easy job, and even the high salaries paid to security analysts do not guarantee accuracy. As recently as the end of January, Zacks' figures indicated that analysts expected earnings of the S&P's 500 to grow by 18.5% in 1982. At the end of March this figure dropped to 12%. For specific industry groups the decline is even more dramatic: Producers of intermediate goods such as oils, metals and forest products were expected to show earnings growth of 12.2%, but since the end of January this figure has been slashed to 2%.

Still, the news isn't all bad. Some 100 companies have higher estimates now than they did six months ago, and a handful actually sport increases of 10% or more. The table below lists these favored few. Mattel, for example, is now expected to earn $2.74 a share in 1982, *vs.* the $1.46 predicted six months ago, and Warner Communications is now expected to earn $5.53, *vs.* $4.41.

Recent revisions—where estimates are rising

The predictions that analysts make about earnings are constantly changing, and the figures for these 33 companies have moved up by 10% or more over the past six months. This is a short list, but if the revisions are accurate, some of these new estimates may provide a basis for substantial stock price gains.

Where traded[1]	Company/principal business	Recent price	1981 EPS	1982 EPS estimate[2] 9/30/81	recent	% change	number	% variation[3]
	Mattel/toys	15⅞	$1.68	$ 1.46	$ 2.74	88%	6	21%
	Northwest Ind's/multicompany	61	9.99	10.27	14.97	46	8	9
	Compugraphic/precision instruments	12⅛	d 1.34	1.01	1.33	32	3	18
o	Westmoreland Coal/coal	17⅞	d 2.17	2.09	2.75	32	4	21
	Warner Communications/entertainment	56½	3.56	4.41	5.53	25	21	7
	AH Robins/ethical drugs	12¼	1.77	1.56	1.94	24	9	10
	Rochester G&E/utility	14¼	2.92	2.38	2.94	24	7	4
	Diebold/office equipment	52⅛	3.38	3.67	4.35	19	5	8
	Seagram/distilling	51½	8.97	9.77	11.56	18	4	7
	Dyco Petroleum/oil and gas exploration	17⅝	2.00	2.10	2.48	18	4	4
	San Diego G&E/utility	13⅜	2.34	2.11	2.48	18	11	8
	Syntex/ethical drugs	34⅛	2.80	3.13	3.66	17	18	4
o	Coca-Cola Bottling Miami/soft drinks	33	4.35	4.68	5.43	16	3	3
o	Atlantic Research/comm equipment	18¾	1.90	1.94	2.24	15	5	5
	Baldwin-United/insurance	61⅝	6.96	10.24	11.69	14	5	12
	Dayton Power & Light/utility	15¾	2.50	2.21	2.51	14	11	3
	Royal Crown Cos/soft drinks	16	1.89	1.76	2.00	14	6	17
o	BancOklahoma/bank holding	14⅞	2.46	2.54	2.85	12	4	4
	Puget Sound P&L/utility	13½	2.91	2.37	2.65	12	8	6
	Parsdyne/comm equipment	33⅛	1.35	1.83	2.03	11	11	7
	Nevada Power Co/utility	21½	3.46	2.55	2.84	11	9	13
	Public Service Indiana/utility	22⅝	3.42	3.58	3.98	11	19	7
a	Charter Medical/medical services	20	1.47	1.70	1.89	11	6	7
	Eastern Gas & Fuel/coal, gas	19⅞	2.65	3.16	3.50	11	10	9
o	Independent Ins Gp/insurance	17⅜	2.97	2.97	3.29	11	6	1
	Oklahoma Gas & Elec/utility	15⅞	2.01	2.05	2.27	11	18	5
	Montana Power/utility	24⅜	4.04	3.56	3.94	11	11	5
o	Intergraph/computer services	22½	0.75	1.01	1.12	11	10	6
o	Liz Claiborne/apparel	26⅛	3.05	3.67	4.04	10	4	5
o	Pittsburgh Natl/bank holding	26½	5.19	5.28	5.81	10	6	2
	Wisconsin Elec Pwr/utility	31	4.38	4.20	4.63	10	24	5
	Consolidated Edison/utility	34⅞	6.44	5.76	6.34	10	18	6
o	Dollar General/retail	16⅝	1.85	2.00	2.20	10	3	5

[1]All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange and (o) over-the-counter market. [2]For fiscal years ending July to January. [3]Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Recent revisions—where estimates are falling

Pessimism abounds these days, but for the 56 corporations listed below the analysts' prognosis is considerably gloomier than it was just six months ago. The list includes companies where recent downward adjustments range from 38% to 84%. The lower the number in the right-hand column, the more universal the gloom.

Where traded[1]	Company/principal business	Recent price	1981 EPS	1982 EPS estimates[2] 9/30/81	recent	% change	number	% variation[3]
	Kaiser Alum & Chem/aluminum	14⅜	$ 2.68	$4.72	$ 0.76	–84%	16	121%
	HF Ahmanson/savings and loan	10¼	d 1.36	2.46	0.56	–77	10	293
	Asarco/metals	20½	0.39	4.42	1.08	–76	13	126
	Phelps Dodge/metals	24½	2.61	5.47	1.35	–75	17	96
	UAL/airline	19⅜	d 2.63	4.32	1.18	–73	13	90
	Southwest For Ind/paper, forest products	11⅞	0.91	3.03	0.84	–72	4	73
	Alcan Aluminum/aluminum	19¼	3.24	4.40	1.44	–67	16	48
	US Home/building	11⅞	0.47	3.18	1.13	–64	12	25
	Great Western Finl/savings and loan	10⅝	d 1.26	2.56	0.95	–63	10	102
	Clark Equipment/machinery	23¾	2.03	4.68	1.86	–60	11	56
	Homestake Mining/gold, lead, zinc	23⅞	1.69	2.71	1.09	–60	9	70
	Spectra-Physics/precision instruments	17¾	0.54	1.74	0.70	–60	5	24
	General Motors/auto	40⅞	1.07	8.74	3.56	–59	14	25
	Evans Products/building	12⅞	0.83	2.75	1.14	–59	4	18
	Amsted Inds/railroad equipment	26½	4.68	5.31	2.20	–59	9	25
	GAF/building, chemicals	13¼	d 2.32	2.04	0.85	–58	5	92
	Overhead Door/building	11⅛	0.58	1.93	0.82	–58	3	2
	Ideal Basic Inds/cement	16	3.83	3.72	1.59	–57	8	58
	Inland Steel/steel	22¼	2.69	5.61	2.43	–57	13	27
	AMAX/metals	27¾	2.57	4.23	1.84	–57	16	73
	Mark Controls/electrical equipment	10	1.28	2.49	1.10	–56	3	26
o	**Intel**/electronics	27⅝	0.62	2.04	0.93	–54	18	22
	Lennar/building	9⅞	1.85	1.93	0.88	–54	5	77
	Aluminum Co of Am/aluminum	24⅜	3.97	4.85	2.28	–53	18	44
	Standard-Pacific/building	8⅝	0.85	2.25	1.06	–53	4	28
	Akzona/chemicals	9½	0.76	2.20	1.05	–52	8	30
	Sun Electric/electronics	8⅞	d 0.12	1.54	0.74	–52	7	34
	Fruehauf/truck trailers	18½	1.74	5.21	2.53	–51	3	18
	Ryan Homes/building	14⅝	0.72	2.43	1.18	–51	11	19
	Kaiser Cement/cement	18⅜	2.27	4.34	2.11	–51	9	29
	Measurex/electrical equipment	16⅝	0.60	1.97	1.01	–49	4	20
	Newmont Mining/metals	3	3.03	5.63	2.90	–48	16	37
	Manville Corp/building	14	1.53	2.62	1.39	–47	14	27
	Sullair/oilfield services	10⅜	0.23	1.71	0.91	–47	3	11
	Northwest Airlines/airline	31	0.48	4.06	2.16	–47	16	34
	Kaufman & Broad/building, insurance	7¾	0.82	1.81	0.97	–46	3	12
o	**Coherent**/lasers	13¼	0.64	1.60	0.86	–46	4	16
	Gordon Jewelry/retail	14½	3.39	4.04	2.24	–45	3	17
	Hexcel/aerospace	14⅜	0.96	2.67	1.50	–44	4	7
	National Can/containers	18⅝	2.34	4.42	2.49	–44	5	21
a	**Ryland Group**/building	11½	0.99	2.48	1.40	–44	4	13
	Pope & Talbot/paper, forest products	15⅜	0.45	2.53	1.45	–43	3	54
	Crown Zellerbach/paper, forest products	24⅜	2.47	3.63	2.11	–42	17	21
	Lone Star Inds/cement	23	4.52	5.12	3.02	–41	7	22
	BF Goodrich/tire and rubber	19⅜	3.53	5.09	3.01	–41	10	27
	Hoover Co/home appliances	9	0.02	1.42	0.85	–40	3	36
	National Gypsum/building	21	2.01	3.23	1.94	–40	8	27
	Weyerhaeuser/paper, forest products	27¼	1.67	3.36	2.03	–40	20	24
	General Datacom/comm equipment	9	0.29	1.08	0.65	–40	6	57
o	**Yellow Frt Sys**/trucking	13	1.16	2.73	1.66	–39	12	19
	Cessna Aircraft/aerospace	17⅛	3.20	4.52	2.75	–39	9	13
	Dow Chemical/chemicals	24	3.00	4.67	2.85	–39	17	14
	Mead/paper	20¾	4.10	5.23	3.21	–39	14	19
	Hoover Universal/auto equipment	15⅛	2.60	3.75	2.30	–39	4	5
	Boise Cascade/paper, forest products	29	4.50	5.43	3.35	–38	20	28
	Amerada Hess/petroleum	17⅜	2.53	6.41	3.98	–38	14	22

[1]All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2]For fiscal years ending July to January. [3]Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

One-third of the group are utilities, which are benefiting from rate increases and lower fuel costs.

Some industry groups also appear to have improving prospects, as the table on page 178 indicates. But look behind these figures. The coal industry, for example, may show a 64% improvement in 1982 earnings. But several firms had a bad year in 1981. "Other than special situations where companies have unique products in expanding markets, there's very little to cheer about," says Zacks.

His analysis of estimates—called Icarus Service—began in mid-1978 and monitors approximately 30,000 estimates on some 2,700 firms. The input comes from some 1,200 analysts at well over 50 brokerage firms. Icarus produces weekly and monthly reports for institutional investors and financial relations officers.

The real value of the Zacks numbers is the fact that they represent a consensus of several analysts' thinking. To get the full benefit of this diversity, we have included only companies where there are estimates from three or more experts. When you see

Projected earnings declines—the percentage laggards

When economic conditions are bad, some businesses fare worse than others. Analysts predict that the 46 companies in this table will all have substantial profit declines in 1982—ranging from 10% to 74%. The lower the number in the right-hand column, the more agreement there is about individual earnings estimates.

Where traded[1]	Company/principal business	Recent price	Earnings per share[2] 1981	1982 est	% change	P/E with 1982 estimate	Number of estimates	% variation[3]
	Alcan Aluminium/aluminum	19⅛	$3.24	$ 1.44	–56%	13	16	48%
	Aluminum Co of Amer/aluminum	24⅜	3.97	2.28	–43	11	18	44
	AMAX/metals	27¾	2.57	1.84	–28	15	16	73
	American Standard/building	26⅛	4.14	3.63	–12	7	11	11
	Amsted Inds/railroad equipment	26½	4.68	2.20	–53	12	9	25
	Bethlehem Steel/steel	22¼	4.83	3.52	–27	6	14	23
	Boeing/aerospace	18½	4.90	2.31	–53	8	18	19
	Boise Cascade/paper, forest products	29	4.50	3.35	–26	9	20	28
	Burlington Inds/textiles	19¾	4.10	3.42	–17	6	7	11
	Cessna Aircraft/aerospace	17⅛	3.20	2.75	–14	6	9	13
	Chesapeake Corp Va/paper, forest products	24⅛	4.22	3.31	–22	7	4	3
	Colt Inds/steel	24⅝	4.02	3.57	–11	7	4	6
	Crown Zellerbach/paper, forest products	24¾	2.47	2.11	–15	12	17	21
	Deltona/real estate	7⅜	1.21	0.78	–36	9	3	21
	Donaldson Co/machinery	16½	2.45	2.06	–16	8	7	14
	Gelco/trucking	19	4.67	3.09	–34	6	7	6
	Giddings & Lewis/machine tool	18½	3.34	3.00	–10	6	12	9
	BF Goodrich/tire and rubber	19⅜	3.53	3.01	–15	6	10	27
a	**Gulfstream Ld & Dev**/real estate	10⅞	1.61	1.23	–24	9	3	2
	Homestake Mining/gold, lead, zinc	23⅞	1.69	1.09	–36	22	9	70
	Hoover Universal/auto equipment	15⅛	2.60	2.30	–12	7	4	5
	Ideal Basic Inds/cement	16	3.83	1.59	–58	10	8	58
o	**JLG Inds**/industrial equipment	6½	0.79	0.32	–59	20	3	25
	Kaiser Alum & Chem/aluminum	14⅜	2.68	0.76	–72	19	16	121
	Lennar Corp/building	9⅞	1.85	0.88	–52	11	5	77
	Lone Star Inds/cement	23	4.52	3.02	–33	8	7	22
	LTV/multicompany	14⅜	8.00	5.29	–34	3	10	14
	Mark Controls/electrical equipment	10	1.28	1.10	–14	9	3	26
	Masonite Corp/building	21¾	1.93	0.50	–74	44	11	68
	Mead Corp/paper	20¼	4.10	3.21	–22	6	14	19
	MGM Films/entertainment	6⅛	0.68	0.53	–22	12	8	42
	Naples Fed Savings/savings and loans	13⅜	1.74	0.76	–56	17	3	37
	National Med Care/medical services	6¼	1.09	0.98	–10	6	5	9
	National Steel/steel	19⅛	4.20	3.06	–27	6	12	25
	Nevada Power/utility	21½	3.46	2.84	–18	8	9	13
	Overseas Shipbldg/shipping	13⅞	3.31	2.69	–19	5	4	18
	Peavey/food processing	17⅝	4.18	3.48	–17	5	9	9
	Phelps Dodge/metals	24½	2.61	1.35	–48	18	17	96
	Quanex/steel	10¾	3.05	2.35	–23	5	4	19
	Savannah Elec & Pwr/utility	10⅞	2.39	1.92	–20	6	3	11
	Scott Paper/paper, forest products	16¾	3.22	2.88	–11	6	13	7
	St Regis Paper/paper, forest products	25	5.35	4.15	–22	6	17	17
	AE Staley Mfg/food processing	17¼	4.75	3.59	–24	5	11	15
o	**Steiger Tractor**/agricultural equipment	8	1.84	1.15	–38	7	4	19
	US Steel/steel	24⅝	7.55	4.94	–35	5	15	32
	Westvaco/paper, forest products	22¼	3.95	3.40	–14	7	14	14

[1]All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2]For fiscal years ending July to January. [3]Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

an earnings figure, be sure to check the next-to-last column to see how many individual estimates were submitted. Some companies, such as Burroughs and Squibb, draw opinions from as many as 23 analysts. The more estimates, of course, the more reliable the consensus ought to be.

Look also at the last column in the tables: the variation among the individual estimates. The lower this percentage, the more in agreement analysts are about their projections. For companies such as American Medical International, Walter E. Heller and Independent Insurance Group, for example, there seems to be hardly a hint of controversy. This should indicate as reliable an estimate as can be expected at the present time.

High variation, on the other hand, means that analysts are poles apart in their earnings outlook. That's the case with the likes of GAF, Great

Statistical Spotlight

Projected earnings gains—the percentage leaders

Despite the current gloom and doom, some corporations are expected to post impressive earnings gains this year. This table includes 96 companies that analysts predict will enjoy increases of 33% or better. The lower the number in the right-hand column, the more agreement there is about individual estimates.

Where traded[1]	Company/principal business	Recent price	Earnings per share[2] 1981	1982 est	% change	Estimated 1982 P/E	Number of estimates	% variation[3]
	Acme-Cleveland/machine tool	21⅝	$2.40	$ 3.30	38%	7	4	14%
a	**Adobe Oil & Gas**/oil and gas exploration	16½	1.51	2.06	36	8	6	15
o	**Air Wisconsin**/airline	10⅞	0.93	1.31	41	8	5	5
	Airborne Freight/air freight	9	0.66	1.06	61	8	8	24
	Akzona/chemicals	9½	0.76	1.05	38	9	8	30
	Amerada Hess/petroleum	17⅝	2.53	3.98	57	4	14	22
	American Med Intl/medical services	22	1.66	2.37	43	9	17	2
o	**Amer Indem Finl**/insurance	15¾	2.13	2.92	37	5	3	14
	AMF/recreational, industrial prods	17⅝	1.31	3.44	163	5	6	8
o	**Apple Computer**/computer equipment	16¼	0.70	1.19	70	14	10	12
	Ashland Oil/petroleum	21⅜	2.17	5.12	136	4	4	14
	Aydin/electronics	22⅞	1.81	2.57	42	9	5	9
	Baker Intl/oilfield equipment, services	30	3.36	4.54	35	7	18	4
	Baldwin-United/insurance	61⅝	6.96	11.69	68	5	5	12
	Barnes Group/auto equipment	15	0.71	2.50	252	6	6	34
	Beneficial Corp/financial services	16	0.82	2.28	178	7	8	19
a	**Bow Valley Inds**/oil and gas exploration	11¼	0.70	1.03	47	11	3	13
	Brown & Sharpe Mfg/machine tools	16½	1.93	2.67	38	6	4	22
	Burroughs/office equipment	34⅛	3.58	4.93	38	7	23	10
	Carter Hawley Hale/retail	14⅜	1.55	2.40	55	6	15	10
	Central Soya/food processing	11⅛	0.79	1.77	124	6	5	24
	Cluett, Peabody/apparel	14½	2.25	3.17	41	5	4	3
o	**Coherent**/lasers	13¼	0.64	0.86	35	15	4	16
	Coleco Inds/toys	12	1.01	2.10	108	6	6	10
o	**Comp & Com Tech**/data processing equip	21⅛	0.95	1.34	41	16	4	3
	Cray Research/computer equip, services	27¾	1.32	1.89	43	15	9	9
	Daniel Inds/oilfield equipment	15	1.81	2.47	36	6	3	4
a	**Digicon**/oilfield services	19½	1.85	2.99	62	7	5	5
o	**Docutel**/automatic tellers	24⅜	1.67	2.35	41	10	3	2
a	**Dome Petroleum**/oil and gas exploration	7⅜	0.80	1.25	56	6	6	14
	Dravo/building	12½	1.06	2.08	96	6	5	12
	Echlin/auto equipment	12⅝	0.70	1.43	104	9	12	6
	Evans Prods/building	12⅞	0.83	1.14	37	11	4	18
	Fieldcrest Mills/textiles	20½	2.50	3.43	37	6	4	22
	Floating Pt Systems/computer equipment	19⅜	0.81	1.15	42	17	6	8
	Fruehauf/truck trailers	18½	1.74	2.53	45	7	3	18
	General Dynamics/aerospace	24¾	2.25	3.62	61	7	16	5
	General Motors/auto	40⅞	1.07	3.56	233	11	14	25
	Global Marine/oilfield services	11⅞	2.60	3.78	45	3	7	6
	Grumman/aerospace	23¾	1.59	3.28	106	7	9	15
	Harcourt Brace Jovanovich/publishing	13½	2.34	3.13	34	4	3	3
	WE Heller Intl/finance	16⅞	0.85	3.79	346	4	4	2
	Hexcel/aerospace	14⅜	0.96	1.50	56	10	4	7
	Humana/health-care services	24	1.55	2.13	37	11	17	4
a	**Husky Oil**/oil and gas exploration	5⅞	0.56	0.99	77	6	3	19
o	**Intel**/electronics	27⅝	0.62	0.93	50	30	18	22

[1]All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2]For fiscal years ending 1981 to January. [3]Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service

Western Financial and Kaiser Aluminum & Chemical. Experts differ widely in their thinking about these companies. As a result, stock prices may be volatile over the next few months as investors draw more precise conclusions about the future.

The alphabetical lists that begin on pages 182 and 184 present estimates for 142 companies that are likely to see major earnings moves—both up and down. But pay close attention to the tables that begin on pages 179 and 181. These lists—ranked in terms of percentage change—include 89 companies where the recent changes have been the most dramatic.

Wall Street should be reacting accordingly. Mattel, for example, scores high on our list of upward revisions, and its shares have zipped ahead by nearly 50% since January. By the same token, AMAX has been hit by a significant downward revision in estimates, and its stock has reacted just as dismally. Similar price adjustments ought to be occurring at other companies on these two lists. If they aren't, there may be buying—or selling—opportunities. ■

Where traded[1]	Company/principal business	Recent price	Earnings per share[2] 1981	Earnings per share[2] 1982 est	% change	Estimated 1982 P/E	Number of estimates	% variation[3]
o	**Intergraph/computer services**	22⅜	0.75	1.12	49	20	10	6
o	**Interpublic Group/advertising**	27⅜	3.31	5.01	51	6	5	7
o	**Intl Clinical Labs/medical services**	17¾	0.76	1.06	39	17	3	6
	Jim Walter/building materials	16¾	1.09	2.02	85	8	12	30
	K mart/retail	18⅜	1.75	2.37	36	8	19	7
	Kaneb Services/energy services	15½	2.37	3.26	38	5	7	6
o	**Liebert/computer equipment**	17¾	0.65	0.87	34	20	3	7
	Lubrizol/chemicals	20⅜	1.84	2.48	35	8	9	12
	Management Assist/computer equipment	12¼	0.84	1.36	62	9	7	18
	Mattel/toys	15⅞	1.68	2.74	63	6	6	21
o	**May Petroleum/oil and gas exploration**	13⅞	0.88	1.44	64	10	8	16
	MCA/recreation	48⅜	3.77	5.31	41	9	14	10
	Measurex/electrical equipment	16⅝	0.60	1.01	68	16	4	20
o	**Millipore/lab equipment, supplies**	17	0.79	1.43	81	12	8	11
	Northeast Utilities/utility	10¼	1.29	1.76	36	6	16	7
	Northwest Inds/multicompany	61	9.99	14.97	50	4	8	9
o	**Oshman's Sprtng Gds/retail**	15½	1.12	1.58	41	10	3	8
	Overhead Door/building	11⅛	0.58	0.82	41	14	3	2
	Paradyne/communications equipment	33⅛	1.35	2.03	50	16	11	7
o	**Pay'n Save/drugstores**	17⅜	2.34	3.73	59	5	6	17
	Penn Central/multicompany	26⅜	4.18	6.25	50	4	4	23
o	**Pentair/paper, forest products**	13⅛	2.26	3.12	38	4	8	12
	Pittston/coal	18	1.13	2.42	114	7	11	9
o	**Pizza Time Theatre/restaurants**	23¾	0.57	1.43	151	17	3	11
o	**Quadrex/engineering services**	10½	1.05	1.45	38	7	3	3
o	**Republic Auto Pts/auto equipment**	8⅝	0.92	1.27	38	7	3	6
	Rohr Industries/aerospace	11½	1.17	1.93	65	6	3	11
	Ryan Homes/building	14⅝	0.72	1.18	64	12	11	19
a	**Ryland Group/building**	11½	0.99	1.40	41	8	4	13
o	**SafeCard Serv/credit card loss services**	9¼	0.84	1.13	35	8	3	7
o	**St Jude Medical/health-care products**	18⅞	0.50	1.08	116	17	3	11
	Squibb/ethical drugs	31	2.23	2.96	33	10	23	3
	Storage Tech/computer services	25⅞	2.61	3.51	35	7	13	7
o	**Tandem Computers/computer equipment**	24⅛	0.71	1.06	49	23	17	5
o	**Tandon Corp/computer equipment**	26⅞	0.52	1.20	131	22	5	13
	Teradyne/electronics	27¾	1.00	1.71	71	16	16	21
	Texas Instruments/electronics	80	4.62	6.29	36	13	19	15
	Texas Oil & Gas/natural gas	27	2.00	2.73	37	10	19	3
a	**TIE Communications/comm equipment**	16½	0.86	1.23	43	13	3	5
	Tonka/toys	23¾	4.02	5.41	34	4	4	11
	Tosco/petroleum	9¼	1.02	2.77	172	3	7	22
	Trans World/airline	20¼	1.27	3.41	169	6	11	28
	US Leasing Intl/finance	23¾	2.24	3.65	63	7	3	11
	Viacom Intl/broadcasting	25½	1.42	2.13	50	12	11	3
	Warner Communications/entertainment	56⅛	3.56	5.53	55	10	21	7
	Warner-Lambert/proprietary drugs	23⅛	1.80	2.59	44	9	20	5
o	**HJ Wilson/retail**	17⅛	1.72	2.33	36	7	5	6
	WM Wrigley Jr/food processing	30¼	3.61	4.91	36	6	4	3
	XTRA/trucking	11½	0.58	1.85	219	6	4	11
o	**Yellow Frt Sys/trucking**	13	1.16	1.66	43	8	12	19

[1]All companies listed on the New York Stock Exchange except those labeled (a) American Stock Exchange (o) over-the-counter market. [2]For fiscal years ending July to January. [3]Amount of variation in estimates. The lower the percentage the greater the agreement among analysts.

Source: Zacks Investment Research's Icarus Service